

AGENDA

DES MOINES CITY COUNCIL
FINANCE COMMITTEE
City Council Chambers
21630 11th Avenue S, Des Moines, Washington
Thursday, February 1, 2024 - 4:00 PM

Finance Committee: Councilmember JC Harris; Councilmember Matt Mahoney; Councilmember Jeremy Nutting

CALL TO ORDER

AGENDA

SELECTION OF CHAIR/VICE CHAIR

DRAFT 2024 FINANCE COMMITTEE WORK PLAN

[2024 Work Plan](#)

BIENNIAL BUDGETING

[Biennial Budgeting](#)

ADJOURNMENT

**Draft 2024 Finance Committee
Work program**

February 1, 2024	2024 Work Plan Biennial Budgeting
March 7, 2024	Property Tax Levy Lid Lift Events and Facility Rentals Budget Amendment Monthly General Fund Report - January 2024
April 4, 2024	Replacement Vehicles Assessments Monthly General Fund Report - February 2024 2025 Budget Calendar
May 2, 2024	2023 Annual Financial Statements - Draft/2023 4 th Quarter Report ARPA Update REET Update
June 6, 2024	2024 1 st Quarter Report
August 4, 2024	2024 2 nd Quarter Report 2025 Budgeting Update
September 5, 2024	Monthly General Fund Report - July 2024 REET Update 2025 Budgeting/CIP Update
October 3, 2024	Monthly General Fund Report - August 2024 2025 Budgeting/CIP Update Property Tax Update
November 7, 2024	Monthly General Fund Report - September 2024 2025 Budgeting/CIP Update 2024 Budget Amendments
December 5, 2024	Monthly General Fund Report - October 2024

Agenda Item – Biennial Budgeting

Currently the City of Des Moines follows an annual budgeting process. Finance desires to seek Council approval to adopt a biennial budget process.

Annual Budgeting vs. Biennial Budgeting

Cities, towns, and counties in Washington State operate under either an annual budget (budgeting one year at a time) or biennial budget (budgeting in two-year intervals). Budgeting for a two-year biennium has been permitted for Washington cities since 1985 when the Municipal Biennial Budget Act was adopted. In a biennial budget cycle, a legislative body may approve an appropriation, or budget, for a full two-year term without subsequent action.

If a municipality decides to change from an annual budget cycle to a biennial budget cycle, an ordinance must be passed at least six months before the beginning of the biennium.

A biennium is required by law to start with an odd-numbered year. Cities that budget on a biennial basis must adopt a budget no later than December 31 of the preceding even-numbered year. Additionally, the city must review and modify the budget between September 1 and December 31 of the first (odd-numbered) year of the biennium.

Advantages and Disadvantages of Biennial Budgeting

Commonly cited advantages

- Encourages a long-term planning focus over multiple years instead of just balancing the budget for a single year,
- Reducing the total amount of time spent budgeting over a two-year period and freeing up time for other projects in year two. In year two, all city departments would benefit from the time savings, and
- Budgets could be less politicized as the budgets would only be adopted in non-election years.

Commonly cited disadvantages

- More time and effort to develop the budget in year one,
- A perceived loss of control by the legislative body, since they are approving the budget for two years at a time,
- More difficulty and uncertainty forecasting revenues/expenditures further into the future, and
- Some jurisdictions spending too much time on budget amendments or the mid-biennium review and adjustment, eliminating any time savings in year two.

Given the financial challenges facing the City, it is the opinion of Finance that the City could benefit from a process that places emphasis on a long-term perspective. Departments throughout the City could also focus on other projects in year two, which is a more efficient use of City resources.

In regards to the “disadvantages”:

- 1) The additional time spent on budgeting in year one is not a significant increase.
- 2) The City Council will not only maintain control of the budget process but, with the addition of the Finance Committee, is positioned to exert more control than in past budget cycles.
- 3) Forecasting through to the end of a two-year period would be more difficult, but more time would be available for updating forecasts in year two.
- 4) A budget amendment or review process requires significantly less time than a full-scale budget process during the second year.

Cities with Biennial Budgets

Arlington	Kent	Redmond
Auburn	Kirkland	Renton
Bainbridge Island	Lake Forest Park	Sammamish
Bellevue	Lakewood	SeaTac
Bellingham	Leavenworth	Sedro-Woolley
Benton City	Longview	Shoreline
Bonney Lake	Lynnwood	Snoqualmie
Bothell	Maple Valley	Stanwood
Burien	Marysville	Steilacoom
Camas	Mercer Island	Sumner
Carnation	Mill Creek	Tacoma
DuPont	Monroe	Tukwila
Duvall	Mountlake Terrace	Tumwater
Ellensburg	Normandy Park	University Place
Federal Way	North Bend	Vancouver
Fife	Oak Harbor	Walla Walla
Hoquiam	Ocean Shores	West Richland
Issaquah	Pasco	Woodinville
Kelso	Port Orchard	Yakima
Kenmore	Poulsbo	Yelm
Kennewick	Pullman	

*neighboring cities in bold

For Reference

Municipal Research and Services Center; *Biennial Budgeting* <https://mrsc.org/explore-topics/finance/budgets/biennial-budgeting#cities>

Mike Bailey; *Biennial Budgets in Washington’s Cities and Counties – Revisited*
<https://mrsc.org/getmedia/b83323a3-73d4-4867-b7cc-ce3be3c5f782/biennialbudget2014.pdf>

Washington State RCW Chapter 35A.34 <https://app.leg.wa.gov/rcw/default.aspx?cite=35a.34>